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ABSTRACT

This self-instructional module on business records is the ninth in a set of twelve modules designed for small business owner-managers. Competencies for this module are (1) identify the records required for business operations and (2) describe the important uses of business records. Provided are information sections (reasons for records, parts of a minimum system, steps in opening a business checking account, example of a payroll record, a filing method, and sources of recordkeeping assistance; one learning activity (identification of the records required for business operations through phone calls to the Internal Revenue Service, a State Department of Taxation, and city court officials); four pamphlets from the Small Business Administration ("Keeping Records in Small Business," "The Federal Wage-Hour Law in Small Firms," "Accounting Services for Small Service Firms," and "Recordkeeping Systems: Small Store and Service Trade"); and a script for a cassette tape designed for use with this module. (The final report of this project is available as CE 017 858.) (JH)

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SCRIPT

BUSINESS RECORDS

INTRODUCTION:

Some small business owner-managers dislike maintaining records. Record keeping tends to consume time which might be spent on other business activities. However, the importance of complete, accurate records cannot be underestimated. The true health of a business is determined by a review of information which comes from business records. Let's join Bob Perez, operator of the Triangle Bookkeeping Service, as he explains to Don Jennings, bank loan officer, how he describes the purpose for records in business operation.

SCRIPT: BUSINESS RECORDS

BACKGROUND: Bob Perez's Office

SOUND EFFECTS: Intercom Buzz

Bob: Yes. Send him right in.

SOUND EFFECT: Door opening and shutting

Bob: Don, how's our number one loan officer doing?

Don: Real fine, and yourself?

Bob: I think I'll survive. Business is almost too good.

Don: Well that's good. Hey, how is Sue coming along with her yarn shop?

Bob: She's making some progress, but things move slowly at times. I'm glad she's not rushing into it.

Don: Bob, I made this appointment to talk to you about people like Sue. As the loan officer at the bank I come into contact with many people who are interested in starting a business and I've run into some problems.

Bob: Like what, they don't ask for enough money (laughing)

Don: (Laughing) You know though, sometimes that is a problem. But what I'm most concerned about is that so many of them are unprepared. It doesn't make any difference whether they are just starting or have been operating for a year and need some more money, they expect me to give them a loan based upon their wonderful idea and good looks.

Bob: How can I help?

Don: I figured that with your experience in selling bookkeeping services you could give me some ideas on how to convince these people they need records and what records they need.

Bob: That's right up my alley, though it's easier said than done.

Don: I know I've been trying for years.

Bob: I generally use the approach of telling them record keeping is required by the law. Federal and State Governments have many forms and reports that must be filed. And they don't fool around - they charge penalties and interest for people who don't follow the law. I know that's coming on pretty strong, but if they know about the law and then I show them a stack of the required forms -- they get the message.

Don: You're a real hard nose.

Bob: Not really, just trying to make a point. Once they realize they're required to keep records I say, "Why don't you make those records work for you?"

Don: What do you mean by that?

Bob: Records are used by business people for four reasons, Reporting Planning, Evaluating, and Decision-making. Reporting is required by the law, like I said before. But the sharp business person uses these records as a basis for planning - say expansion or for setting sales targets.

Don: I evaluate records when considering a loan application. It makes my job easier and gives the owner who keeps records an edge in my book. And the owners could do the same thing.

Bob: Right. And that same person can review the records to gather information for important decisions. Just the other day one of my clients decided to open a branch office after reviewing sales records and finding that he had many customers driving in from a small town.

Don: O.K. Sounds good to me. Let's see -- Reporting, Planning, Evaluating, Decision-making. They have to keep records, might as well put them to work. NOw Bob, which records should they keep?

Bob: That is not an easy question. It depends upon the size and type of business and the needs of the owner. But I do have what I call the Absolute Minimum. This includes keeping a business checking account, maintaining payroll records, and filing all bills and receipts. Hopefully, this will keep them out of jail. (Laughing)

Don: Could you explain that a little more?

Bob: Be glad to. If at the end of each day, all cash and checks received from sales are deposited in the checking account and all payments are made by check -- when the monthly bank statement is received the owner has a rough estimate of how the business is doing.

Don: And if they keep the statements from year to year they could use them to see how their sales are changing.

Bob: That's right Don. As far as payroll records are concerned they should keep records for each employee - such things as gross pay, and state and federal withholding. Also a record of each payroll makes reporting to the government much easier.

Don: I have run into several people that complain about the payroll records. Aren't there some forms available?

Bob: Yes. Most office supply stores can fix them right up. They can also find them in discount or department stores. One last thing. They should have some sort of filing system. It is very important that they keep all sales receipts, invoices, checks -- anything that is important. Keep them filed by date if nothing else. They may bail them out of a real jam with a customer, supplies, or tax man.

Don: Thanks, Bob. I think you've given me some ammunition to use the next time someone complains about keeping records. I know record keeping requirements can be complicated. Can I send some people to you?

Bob: Sure, we never turn down business. I think you should also tell them that the Internal Revenue Service has a toll free number and they're glad to help anyone who calls. I suggest that anyone who has questions should contact experts. These records are nothing to fool around with.

Don: Oh, I agree. Thanks for the help.

Bob: Glad to do it. I may even get some customers.

Don: So long, say hello to Sue for me.

Bob: Sure thing. See you.

SOUND EFFECT: Door opening and closing.

CONCLUSION:

Records are vital to the successful operation of the firm. They are required by federal, state, and local governments for tax purposes. Moreover, banks and suppliers who extend credit are also interested in business records as they reflect the business condition. Additionally, records are especially useful in planning, evaluating, and decision-making. Although they may take time to prepare, they are vital to the successful operation of the firm. Now proceed to page 2 where you will be given additional information regarding record keeping.

PURPOSE

Records, forms, and reports are a real pain to small business owner-managers. Paperwork seems to interfere with the real business of the firm. Why is it necessary to keep records? What are the important records to maintain? How can they help me? Hopefully, you will be able to provide your own answers to these questions upon completion of this module.

COMPETENCIES

Upon completion of this module you will be able to:

1. Identify the records required for business operations.

2. Describe the important uses of business records.

INSTRUCTIONS

Before reading the material which begins on page 2, listen to the cassette entitled "Business Records: Good Medicine Tastes Bad."

DO I NEED RECORDS?

Keeping records is not a pleasant task for most people; but the successful owner-manager recognizes the fact that adequate records are important for the following reasons:

1. Reporting - Federal, state, and local governments require that records be kept for the purpose of reporting and paying income, payroll, and sales taxes. Banks, suppliers, and persons who extend credit will be interested in the condition of the business records.

2. Planning - Records can be used by the owner-manager as a starting point for making plans. If we know the amount of sales this year, we can set a goal for next year's sales and determine methods for reaching that goal.

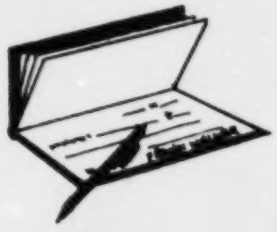
3. Evaluating - Through the use of records, owner-managers can compare their business with industry averages provided by trade associations. Evaluation can also be done by comparing actual results with planned results.

4. Decision-making - When business records are maintained they provide factual information which can be used for decision-making purposes. Records are especially useful for this purpose if they are also used for planning and evaluating.

THE ABSOLUTE MINIMUM

The small business owner-manager is a busy person and may lack experience in keeping records. For these reasons, owner-managers are interested in knowing the minimum number of records that will satisfy legal and business needs. The parts of an absolute minimum system are listed below and will be explained later in the lesson. These parts are:

1. Maintenance of a business checking account.
2. Maintenance of payroll records.
3. Filing of all bills and receipts.



A BUSINESS ACCOUNT

One of the first steps an owner-manager should take is the opening of a business checking account. It is important that only business receipts and payments are run through this account. By following a few simple steps, the checking account can provide valuable information. These steps are:

1. Daily Deposits:
At the end of each day, all cash and checks received from sales should be deposited in the bank. The deposit ticket should list, sales by group; such as food, produce, and meat for a grocery; or by customer when feasible. A sample deposit ticket is presented below.

FIRST STATE BANK
DEPOSIT TICKET

Deposit to the account of
FRANK'S SHOES
Account Number 2784-224-3

JANUARY 7 19 77

CHECKS		CASH	DOLLARS	CENTS
S. BUTLER 45	00	6 x 1	6	00
C. KNIGHT 73	00	x 2		
L. RIGGS 24	00	4 x 5	20	00
		5 x 10	50	00
		11 x 20	220	00
		2 x 50	100	00
		x 100		
TOTAL CHECKS 142	00	TOTAL CASH	396	00
		SILVER		
		CHECKS FWD.	142	00
		TOTAL	538	00
SIGNED		CASH RECEIVED		
		TOTAL DEPOSIT	538	00

MB
TELLER'S INITIALS

DEPOSITED BY Frank Walker

2. Payments by check:
All payments, with few exceptions, should be paid by check. Most business checks provide a stub where information such as date, amount, purpose of payment, and person or company paid can be recorded. This information should be completed in full. A petty cash fund should be established for minor expenses not worth using a check; a postage due of 14¢ for example.

CHECK NO. 1241 $486.00

June 15, 19

ACME SHOE CO
PURCHASE OF TENNIS SHOES

BALANCE	98.00
DEPOSITED	485.00
TOTAL	583.00
AMOUNT THIS CHECK	486.00
BALANCE	97.00

FIRST STATE BANK
Plainfield

Check No. 1241

Date June 15, 19

Pay to the order of ACME SHOES COMPANY $486.00/

Four Hundred Eighty Six and 00/100 — dollars.

FRANK'S SHOES

Frank Walker

3. Monthly reconciliations:
The bank statement provides a form on the back which is used to compare the balance of the check book with the bank balance. This should be completed to locate errors. If the two amounts will not balance, most banks will provide persons to assist in reconciliations.

Bank Reconciliation as of June 30, 1976

Balance shown on bank statement		$634.26
Add deposits not credited		
June 29	125.41	
June 30	63.30	188.71
		$822.99
Subtract outstanding checks		
1114 5/17	$62.19	
1234 6/29	31.11	
1235 6/30	224.35	317.65
Adjusted balance per bank statement		$ 505.34
Balance shown in checkbook		$ 313.34
Add Deposit of $156.40 for June 9 entered as $150.40 (difference)		6.00
		$ 307.34
Subtract		
Bank Service Charge		2.00
Adjusted checkbook balance		$ 505.34

PAYROLL RECORDS

An employer is required by law to withhold taxes from an employee's wages and to periodically send the taxes collected to the appropriate agency. The most common taxes withheld are income and social security taxes. In addition, the employer is required to match the employee's social security taxes and to pay unemployment taxes. To aid in the recording of these payroll taxes, small business owner-managers keep an Employee Earnings Record for all employees. An example of this record is shown below.

EMPLOYEE EARNINGS RECORD

NAME Randolph Miller P.T. ✓ SOC. SEC. NO. 223-47-1004
ADDRESS Newbern, VA. F.T. ____ DATE OF BIRTH 7/14/54
PHONE 732-6147 NO. OF EXEMPTIONS 2 (MARRIED)

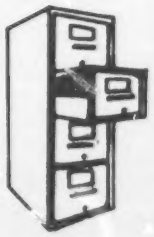
Pay Period Ending	Total Reg. Hours	Over-time	Earnings			Deductions				Net Pay
			Regular Rate	Overtime Rate	Total	Social Security	Fed. Income Tax	State Income Tax	Other	
6/10/77	40		$3.57	—	$142.80	$8.35	10.10	$2.85		$121.50
6/24/77	40		3.57	—	142.80	8.35	10.10	2.85		121.50
	80		3.57	—	285.60	15.70	20.20	5.70		243.00
QUARTERLY TOTALS					$768.23	$44.94	$54.36	$15.36		$653.51

Some employers prepare a Payroll Register which records the earnings and deductions for all employees for a single pay period. The columns are totaled weekly, monthly, or quarterly to aid in the preparation of tax reports. An example follows.

PAYROLL REGISTER FOR May 30, 1977

Employee	Social Security Number	Gross Wages	Employee Deductions				Total Deductions	Net Wages
			FICA	Fed. WH	State WH	Other		
J. Williams	246-98-1638	120 00	7 15	3 60	2 00		12 75	107 25
P. Goddard	413-81-8662	40 00	2 50	2 50	1 00		6 00	34 00
R. Miller	223-47-1004	72 00	3 20	2 90	1 40		7 50	64 50
TOTALS		232 00	12 65	9 00	4 40		26 25	205 75

FILING SYSTEM



It is important that all sales receipts, deposit tickets, invoices, statements, checks, and other important papers be filed for safekeeping. These source documents can be used whenever a customer, supplier, or tax agent has a question regarding a particular sales or expense. In addition, they can be used by the owner-manager for planning and decision-making purposes. Sales Invoices, for example, can be reviewed to determine trends in customer buying habits. A convenient filing method is described below.

1. Sales Documents: File sales invoices by customer name. Cash register tapes may be arranged by date.

2. Expense Documents: Bills, statements, and invoices from suppliers should be filed alphabetically.

3. Bank Statements: File by date, being sure to complete the reconciliation when the statement is received.

4. Payroll Records: Should be arranged by date.

Record the due dates of reports and tax payments on a calendar to avoid penalty and interest charges. (Remember, if you run into tax problems or customer complaints, these source documents will provide the answer.)

RECORDKEEPING ASSISTANCE

An owner-manager without a recordkeeping system will become snowed under by reports, regulations, and announcements. Failure to file reports and pay taxes on time will subject the business to fines, penalties, and interest charges. To determine your recordkeeping requirements, call or write the following agencies:

1. Internal Revenue Service: They have a toll free number listed under United States Government. They can provide information on Social Security, and unemployment taxes, in addition to income taxes.

2. State Department of Taxation: The Internal Revenue Service can provide information about who to contact in your state. The state officials will assist you regarding income, sales, and payroll taxes.

3. City, County, or Town Officials: These persons will be able to tell you about local taxes and licensing requirements.

Recordkeeping requirements can boggle the mind. If you have doubts concerning your ability to meet these requirements, do not hesitate to contact a bookkeeping service or public accountant.

ATTENTION

Located in the preferred readings of this module is a booklet entitled Recordkeeping Systems. It provides valuable information regarding the purchase of simplified recordkeeping systems.

NOTE: Please turn to page 9 and complete learning activity number one.

LEARNING ACTIVITY NUMBER ONE

It is extremely important for a small business owner-manager to be familiar with recordkeeping requirements. Ignorance is no excuse before the law. Fine, penalties, and interest charges will be paid by owners who do not adhere to the requirements. The purpose of this activity is to help you identify the records required for business operations.

1. Call the Internal Revenue Service. They have a toll free number listed under United States Government. Ask for answers to the following questions:

   How do I obtain a Federal I.D. number for my business?

   What reports and records are required for income tax purposes?

   What reports and records are required for payroll tax purposes?

   Are there other federal requirements I should know about?

   Who should I contact for the requirements in my state?

2. Call your State Department of Taxation and ask the following questions:

   Does my business need to be registered with the state?

   What are the income tax requirements?

   What are the payroll tax requirements?

   Are there sales tax requirements?

   Are there other requirements I should be aware of?

3. Call your city, county, or town officials and ask the following question:

   What requirements for taxes or licenses are imposed by the local governments?

Upon completion of this exercise there should be no doubt concerning the type of records you should maintain.

NOTE: Please turn to page 10 and review the preferred reading list.

PREFERRED READING LIST

This instructional module is designed to introduce key concepts regarding records needed for business operations. For a more in-depth examination of this topic area, study the following preferred readings.

SMALL BUSINESS ADMINISTRATION SMALL MARKETERS AIDS

#155 "Keeping Records in Small Business"

#132 "The Federal Wage-Hour Law in Small Firms"

#126 "Accounting Services For Small Service Firms"

SMALL BUSINESS ADMINISTRATION BUSINESS BIBLIOGRAPHY

#15 "Recordkeeping Systems: Small Store and Service Trade"

NOTE: You have now completed the module requirements. You may wish to review this module or advance to another module.

SMA
SMALL BUSINESS ADMINISTRATION
SMALL MARKETERS AIDS No. 155
WASHINGTON D.C.

KEEPING RECORDS IN SMALL BUSINESS

By John Cotton
Retired Utility Executive
and
Member of SCORE
Albuquerque, New Mexico

SUMMARY

Keeping score in small business is vital to success and profits. In discussing recordkeeping for small firms, this *Aid* points out that a recordkeeping system should be simple to use, easy to understand, reliable, accurate, consistent, and should provide information on a timely basis.

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MAY 1974

Keeping records is really scorekeeping; a serious side of scorekeeping. If you attended a basketball game where either no score was kept, or the score was several minutes late, you would probably be disgusted and leave the game. Yet, many people don't know the current score of their own business because of inadequate records or because of not keeping records up to date.

Adequate records are necessary to prepare various tax returns. They are required by banks and other financial institutions you may deal with. Many times financial records and reports are required by suppliers or other creditors.

REQUIREMENTS OF A GOOD RECORD SYSTEM

A good recordkeeping system must be (1) simple to use, (2) easy to undestand, (3) reliable, (4) accurate, (5) consistent, and (6) designed to provide information on a timely basis.

MINIMUM RECORDS REQUIRED

You will need four basic records:

1. Sales records
2. Cash receipts
3. Cash disbursements
4. Accounts receivable

When you use a cash register, a combined Sales and Cash Receipts record may be kept. Sales are divided into a few categories, possibly three or four, such as wholesale, retail, and services. Cash receipts represent cash sales and collections of Accounts Receivable. One entry is made for each day.

A smaller business without a cash register can enter each item in the Sales and Cash Receipts register showing date, name, invoice number, and amount.

All receipts for the day should be deposited in the bank in a night depository. Deposit the exact amount received. Instead of paying out small amounts from receipts, use a Petty Cash Fund. By depositing the exact amount of receipts, the bank statement enables you to balance your Cash Receipts book readily.

Just as all receipts are deposited, all disbursements should be made by check, using the Petty Cash Fund for payment of small items, and purpose of expenditure in checkbook. Enter date, name, check number, and amount for each item. A bank charge is entered in the same manner as a check except that there is no check number.

Columns should be provided for common expense items for distribution of expenses. The amount disbursed is entered in the appropriate column, and a separate column is provided for miscellaneous charges.

BALANCING—BANK RECONCILIATIONS

Each page of sales, cash receipts, and disbursements should be balanced. A balance is also taken at the end of each month.

As soon as bank statements are received, balance them with your checkbook. Usually a form is provided on the back of the statements from the bank, substantially as follows:

Bank balance	$_____
Add deposits not recorded by the bank	$_____
Less outstanding checks	$_____
Balance as per books	$_____

PETTY CASH FUND

A Petty Cash Fund should be set up to be used for payment of small amounts not covered by invoices. A check should be drawn for, say, $25.00. The check is cashed and the fund placed in a box or drawer. When payments are made for such items as postage, freight, and bus fares, the items are listed on a printed form or even on a blank sheet. When the fund is nearly exhausted, the items are summarized and a check drawn to cover the exact amount expended. The check is cashed and the fund replenished. At all times the cash in the drawer plus listed expenditures will equal the amount of the fund.

LIST EQUIPMENT

Keep a careful list of permanent equipment used in the business. Keep track of items useful for a year or longer and of appreciable value. Show date purchased, name of supplier, description of item, check number by which paid, and amount. If you own quite a number of items, prepare separate lists for automotive equipment, tools and manufacturing equipment, and furniture and fixtures. These lists provide the basis for calculating depreciation, as discussed later in this *Aid*, and provide supporting data for fixed asset accounts.

INSURANCE RECORD

Most businesses will have several types of insurance. Each policy should be listed showing type of insurance, coverage, name of insurer, dates effective (expiration date), and annual premiums. Be sure that all necessary types of coverage are obtained. Ask your insurance agent or broker to check your coverage.

CASH OR ACCRUAL BASIS FOR RECORDS

A very small business such as a hot dog stand will use the cash basis for bookkeeping. A larger, more complicated business no doubt will use the accrual basis. The dividing line between the cash basis and accrual basis might depend on whether or not credit is granted to customers, and the amount of inventory required.

Accrual basis is defined as "a method of recording income and expenses, in which each item is reported as earned or incurred, without regard as to when actual payments are received or made." Charge sales are credited at once to Sales and charged to Accounts Receivable. When the bills are collected, the credit is to Accounts Receivable.

Accruals should also be made for expense items payable in the future, such as yearly or semi-annual interest on loans. Such accruals are made by Journal entries as explained below.

DEPRECIATION

A charge to expenses should be made to cover depreciation of fixed assets, other than land. The corresponding credits are to Reserves for Depreciation.

Fixed assets may be defined as items normally in use for one year or longer, such as buildings, automotive equipment, tools, equipment, furniture, and fixtures. Smaller businesses will usually charge depreciation at the end of their fiscal year, but a business with very substantial fixed assets, such as a motel, will probably calculate depreciation monthly.

Typically small businesses will use straight line depreciation based on the expected life of the items for book purposes. Buildings perhaps may have an estimated life of 20 years, with depreciation of 5% a year. Automobiles will have estimated lives of four or five years and should be depreciated at 20% or 25% per year. A sample depreciation chart follows.

DEPRECIATION OF BUILDINGS AND EQUIPMENT—Year of 1973

Item	Date Purchased	Cost	Est. Life	Yearly Deprec.	Accum. Prior Deprec.	This Year's Deprec.	Total Accum. Deprec.
Main Office	Jan. 1970	$40,000	20 yrs.	5%	$6,000	$2,000	$8,000
Main Factory	Jan. 1971	$75,000	25 yrs.	4%	$6,000	$3,000	$9,000
Calculator	Feb. 1971	$ 1,200	10 yrs.	10%	$ 230	$ 120	$ 350
Machinery	July 1971	$40,000	20 yrs.	5%	$3,000	$2,000	$5,000
Total		$156,200			$15,230	$7,120	$22,350

BOOKKEEPING SYSTEMS

There are several copyrighted systems providing simplified records, usually in a simple record book. These systems cover the basic records with complete instructions for their use. You can examine some of these systems at most office supply stores.

FINANCIAL STATEMENTS

Use an outside accountant to prepare financial statements for your business.

The principal financial statements, the Balance Sheet and Profit and Loss Statement, can easily be prepared from the basic records which also are the basis for keeping general books as described further on. The Balance Sheet is a picture of the business at a given moment, usually at the close of business at the end of a fiscal year, or at the end of a month or a quarter. It lists Assets Liabilties, and Capital which is obtained by subtracting Liabilities from Assets. The Profit and Loss Statement pictures what has happened during a month or a longer period. Basically, it states the amount of sales from which is subtracted Expenses and Taxes, the balance being Profit or perhaps Loss.

Up-to-date Balance Sheets and Profit and Loss Statements enable the businessman to know the amount of his investment, how much he owes, his net worth, and indicates how profitable his business is this year compared with prior years.

GENERAL BOOKS

In addition to basic records a business will need a book for Journal entries. A Journal entry is used to record business transactions not involving cash, such as accruals for depreciation, expenses due at later dates, and so on. The following is a typical entry.

		Debit	Credit
Jan. 31, 1974	Interest Expense	$58.33	
	Accrued Interest Payable		$58.33
	To record January share of interest due on First National Bank loan. Principal Amount $10,000 @ 7% = $700.00 January share $58.33		

A General Ledger is also kept to record balances of Assets, Liabilities, and Capital and to accumulate Sales and Expense items. A typical Classification of Accounts, all of which are recorded in the General Ledger, follows.

At the end of each fiscal year, accounts are balanced and closed. Sales (income) and Expense Account balances are transferred to the Profit and Loss Account. The remaining Asset, Liability, and Capital accounts provide the figures for the Balance Sheet.

CLASSIFICATION OF ACCOUNTS (Sample)

Assets (Debit)

100—Cash in Banks
101—Petty Cash Fund
102—Acounts Receivable

105—Materials and Supplies

107—Prepaid Expenses
108—Deposits

120—Land
121—Buildings
122—Reserve for Depreciation—Buildings (Credit)
123—Tools and Equipment
124—Reserve for Depreciation—Tools and Equipment (Credit)
125—Automotive Equipment
126—Reserve for Depreciation—Automotive Equipment (Credit)

127—Furniture and Fixtures
128—Reserve for Depreciation—Furniture and Fixtures (Credit)

130—Organization Expenses (to be amortized)

Liabilities (Credit)

200—Acounts Payable
201—Notes Payable

205—Sales Taxes—Payable
206—FICA Taxes—Payable
207—Federal Withholding Taxes
208—State Withholding Taxes
209—Unemployment Taxes

220—Long-Term Debt—Mortgages Payable
221—Long-Term Debt—SBA Loan

225—Miscellaneous Accruals

Capital Acounts (Credit)

300—Common Capital Stock
301—Preferred Capital Stock
} for Corporations

or

300—Proprietorship Account
301—Proprietor's Withdrawals
} for Proprietorship

305—Retained Earnings

Sales Accounts (Credit)

400—Retail Sales
401—Wholesale Sales
402—Sales—Services

405—Miscellaneous Income

Expenses (Debit)

500—Salaries and Wages
501—Contract Labor
502—Payroll Taxes
503—Utilities
504—Telephone
505—Rent
506—Office Supplies
507—Postage
508—Maintenance Expense
509—Insurance
510—Interest
511—Depreciation
512—Travel Expense
513—Entertainment
514—Advertising
515—Dues and Contributions

520—Miscellaneous Expenses

The use of too many accounts should be avoided. Break down sales into enough categories to show a clear picture of the business. Use different expense accounts covering frequent or substantial expenditures but avoid minute distinctions which will tend to confuse rather than clarify. Use Miscellaneous Expense for small unrelated expense items.

ACCOUNTS RECEIVABLE CONTROL

A few rules should be followed to keep Accounts Receivable current. First, be sure bills are prepared when goods are shipped or service is rendered and mailed to correct addresses. Keep a close watch on larger accounts.

At the end of each month, "age" your Accounts Receivable. List accounts and enter amounts that are current, unpaid for 30 days, and those 60 days and over. Find out exactly why all accounts 60 days and over are unpaid. Your system should help you collect these accounts.

Pay close attention to customers' complaints about bills. If a complaint is justified, propose an adjustment and reach an agreement with the customer. Do this promptly.

If a customer is delinquent, try to obtain a promise of payment on a definite date. If payment is not received on the date promised, ask the customer to explain why and obtain a new promise.

If you don't know a customer who asks for credit, use a simple form listing name, address, telephone number, place of employment, bank and credit references. Make sure that credit is warranted before you grant it.

PAYROLL RECORDS

Yearly and quarterly reports of individual payroll payments must be made to State and Federal Governments. Each individual employee receives a W-2 form at the yearend showing total withholding payments made for the employee during the calendar year.

An employment card should be kept for each employee showing, among other things, social security number, name, address, telephone number, and name of next of kin and his address. Indicate whether the employee is married and the number of exemptions claimed. A W-4 form should also be on record.

A summary payroll should be made each payday showing names, employee number, rate of pay, hours worked, overtime hours, total pay and amount of deductions for FICA, withholding taxes and deductions for insurance, pension and/or savings plans.

Also a separate sheet should be kept for each employee. On this individual Payroll Record, list rate of pay, social security number, and so on. Enter amounts for each pay period, covering hours worked, gross pay and the various deductions. At the end of each quarter add the amounts and balance. These forms provide the data you need for quarterly and annual reports.

EASY FILING

An easy filing method for a small business is to use a large manila envelope for each month's paid invoices, tax returns, etc. Staple paid returned checks to paid invoices or tax returns. The cash disbursement record, which shows dates of payment and check numbers, makes it easy to locate paid invoices.

It is good policy to keep records up to date. The best way to do it is by seeing that your recordkeeping is done daily.

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SMALL BUSINESS FINANCIAL STATUS CHECKLIST

(What an Owner-Manager Should Know)

DAILY

1. Cash on hand.
2. Bank balance (keep business and personal funds separate).
3. Daily Summary of sales and cash receipts (see attached).
4. That all errors in recording collections on accounts are corrected.
5. That a record of all monies paid out, by cash or check, is maintained.

WEEKLY

1. Accounts Receivable (take action on slow payers).
2. Accounts Payable (take advantage of discounts).
3. Payroll (records should include name and address of employee, social security number, number of exemptions, date ending the pay period, hours worked, rate of pay, total wages, deductions, net pay, check number).
4. Taxes and reports to State and Federal Government (sales, withholding, social security, etc.).

MONTHLY

1. That all Journal entries are classified according to like elements (these should be generally accepted and standardized for both income and expense) and posted to General Ledger.
2. That a Profit and Loss Statement for the month is available within a reasonable time, usually 10 to 15 days following the close of the month. This shows the income of the business for the month, the expense incurred in obtaining the income, and the profit or loss resulting. From this, take action to eliminate loss (adjust mark-up? reduce overhead expense? pilferage? incorrect tax reporting? incorrect buying procedures? failure to take advantage of cash discounts?).
3. That a Balance Sheet accompanies the Profit and Loss Statement. This shows assets (what the business has), liabilities (what the business owes), and the investment of the owner.
4. The Bank Statement is reconciled. (That is, the owner's books are in agreement with the bank's record of the cash balance.)
5. The Petty Cash Account is in balance. (The actual cash in the Petty Cash Box plus the total of the paid-out slips that have not been charged to expense total the amount set aside as petty cash.)
6. That all Federal Tax Deposits, Withheld Income and FICA Taxes (Form 501) and State Taxes are made.
7. That Accounts Receivable are aged, i.e., 30, 60, 90 days, etc., past due. (Work all bad and slow accounts.)
8. That Inventory Control is worked to remove dead stock and order new stock. (What moves slowly? Reduce. What moves fast? Increase.)

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SMA
SMALL BUSINESS ADMINISTRATION
SMALL MARKETERS AIDS No. 132
WASHINGTON D.C.

THE FEDERAL WAGE-HOUR LAW IN SMALL FIRMS

SUMMARY

This ***Aid*** is designed to alert small retail and service firms to the changes made in the Fair Labor Standards Act (FLSA) when it was amended in 1974 (effective May 1, 1974). The act contains minimum wage, maximum hours, overtime pay, equal pay, record-keeping, and child labor provisions.

It provides minimum wage and overtime standards for two kinds of employment in retail and service enterprises and establishments: (1) employment subject to the law prior to the FLSA Amendments of 1966 and (2) employment brought under the law since the 1966 Amendments. In order to know which of these two standards applies in any workweek, it is necessary to determine whether the employment would have been covered and nonexempt under the act as it read before the 1966 Amendments.

This ***Aid*** is a general explanation of the FLSA as amended. How the law applies to your firm and whether your employees are covered by the act depend on the facts in your situation. Specific information about the FLSA and the 1974 Amendments can be obtained from the nearest office of the Wage and Hour Division. Offices are located in 350 communities throughout the country. Consult your telephone directory under U.S. Government, Department of Labor, Employment Standards Administration. The Wage and Hour Division is responsible for the administration and enforcement of the act.

BETTY S. MURPHY
Administrator, Wage and Hour Division
U.S. Department of Labor, Washington, D.C.

REVISED
DECEMBER
1974

HIGHLIGHTS OF THE FLSA AMENDMENTS OF 1974

The Fair Labor Standards Act (FLSA), also called the Federal Minimum Wage Law, provides different minimum wage and overtime standards for employment subject to the law prior to the 1966 Amendments and employment brought under the law after February 1, 1967, the effective date of those amendments.

Provisions applicable on and after May 1, 1974, to employment of employees brought under the act in 1967 and later, set minimum wages as follows: $1.90 an hour, beginning May 1, 1974; $2.00 an hour, beginning January 1, 1975; $2.20 an hour, beginning January 1, 1976; and $2.30 an hour, beginning January 1, 1977. The provisions call for overtime pay of not less than 1½ times the employee's regular rate of pay for all hours worked beyond 40 in a workweek. Coverage applies, except where a specific exemption is provided, to all employees whose employment came under the act in 1967 and later. Such employees include those brought under the minimum wage or overtime pay provisions by amendments since 1966 either through elimination or narrowing of prior exemptions or as a result of the extension of coverage on an enterprise basis to employees in the following enterprises:

(1) Laundry and drycleaning enterprises (no annual dollar volume test applies);
(2) Construction enterprises (no annual dollar volume test applies);
(3) Hospitals; nursing homes; preschools, schools, and colleges (both public and private); and Federal, State, local, and interstate governments and agencies (no annual dollar volume test applies);
(4) Other enterprises, if the annual gross volume of sales or business is at least $250,000 (exclusive of any excise taxes at the retail level)—hotel, motel, and restaurant enterprises are among the enterprises covered by this provision; and, in addition;
(5) Domestic service workers (no annual dollar volume test applies).

Provisions applicable to employment covered prior to February 1, 1967, set minimum wages as follows: $2.00 an hour, beginning May 1, 1974; $2.10 an hour, beginning January 1, 1975; and $2.30 an hour, beginning January 1, 1976. The provisions call for overtime pay of not less than 1½ times the employee's regular rate of pay for all hours worked beyond 40 in a workweek. Coverage applies, except where a specific exemption is provided, to all employees engaged in or producing goods for commerce, and to all employees in the following enterprises:

(1) Retail or service enterprises having an annual gross volume of at least $1 million (exclusive of excise taxes at the retail level which are separately stated) and $250,000 annual inflow of interstate goods;
(2) Local transit enterprises having an annual gross volume of sales of at least $1 million (exclusive of excise taxes at the retail level which are separately stated);
(3) Construction enterprises doing a gross annual business of at least $350,000;
(4) Gasoline service stations having an annual gross volume of sales of at

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Note: This publication is not to be considered in the same light as official statements of position contained in *Interpretative Bulletins* and other such releases formally adopted by the Wage and Hour Division and published in the *Federal Register*.

least $250,000 (exclusive of excise taxes at the retail level which are separately stated); and

(5) Establishments other than the above having individually covered employees which are part of enterprises having an annual gross volume of at least $1 million.

ENTERPRISE CONCEPT

The term "enterprise" is defined in section 3(r) of the act to mean the "related activities performed (either through unified operation or common control) by any person or persons for a common business purpose." It may be a single store or a chain operation. The enterprise includes "all such activities whether performed in one or more establishments or by one or more corporate or other organizational units." Activities are related if they are the same or similar or are auxiliary activities which have a reasonable connection to the main purpose of the enterprise. In a retail or service enterprise this would include such operations as warehousing or supply services and central office functions such as advertising, accounting, payroll, and procurement services for multi-unit enterprises.

COMPLETE MINIMUM WAGE AND OVERTIME PAY EXEMPTIONS

Executive, administrative, professional, and outside sales personnel: Bona fide executive, administrative, and professional employees, as well as outside sales representatives, are exempt from the minimum wage and overtime provisions if these employees meet certain tests. Such an employee, to be exempt, must meet certain duty and responsibility tests. There are also salary tests, except for outside sales representatives. The exemption is not a blanket one for salaried employees or office workers. The tests for exemption are set for and explained in the Secretary of Labor's Regulations, 29 CFR part 541.

You should keep in mind that the employee's job title is irrelevant. An employee may be called an assistant vice president, for example, but if the duty, responsibility, and salary tests are not met the employee will not qualify for the exemption. Among the basic requirements for exemption are the following: An executive's primary duty must be the management of the enterprise in which he or she is employed or of a customarily recognized department or subdivision of it. An administrative employee's primary duty must be the performance of office or nonmanual work directly related to management policies or general business operations of the employer's customers. A professional employee's primary duty must be the performance of work requiring knowledge of an advanced type in a field of science, or the work must be original and creative in an artistic field. An outside sales representative must work away from the employer's place of business in selling goods or services. Performing services like installing equipment, for example, is not exempt.

An employee must devote no more than a specified percentage of time to activities which are not directly and closely related to his or her primary duty and other specified duties and responsibilities as stated in the regulations. For an executive or administrative employee of a retail or service establishment the tolerance for such nonexempt work is 40 percent. Otherwise the tolerance is 20

percent. Less stringent duty and responsibility tests are to be met for highly paid executive, administrative, and professional employees. The pertinent tests relating to duties, responsibilities, and salary are stipulated in the applicable section of the Regulations part 541.

Retail or service establishment exemption: The act contains a complete exemption from both the minimum wage and overtime pay requirements for employees of a retail or service establishment which meets certain conditions.

A retail or service establishment means one in which 75 percent of the establishment's annual dollar sales volume of goods and or services are not for resale and are recognized as retail sales in the industry. Such an establishment will be exempt if it makes more than half its annual dollar volume of sales within the State where it is located, and it has an annual sales volume which is less than $250,000.

Employees of an *individual* retail or service establishment which has an annual dollar sales volume of less than $250,000 are not subject to the law's minimum wage or overtime requirements. In the case of *chain stores*, however, the $250,000 volume test declines to $225,000 on January 1, 1975; $200,000 one year later; and is eliminated entirely on January 1, 1977. Thus, after that date, employees of branch stores of chain enterprises will be subject to the act's requirements regardless of the sales volume of the individual establishment.

This exemption does not apply to an employee or establishment engaged in laundering or drycleaning, or to hospitals, nursing homes, or schools. Because this exemption applies only to workers employed by an exempt store, it cannot be taken for the chain's central office and warehouse employees. In addition, the exempt store must still comply with the child labor provisions of the act.

EXEMPTIONS FROM OVERTIME PAY ONLY

Commission-paid employees: The act provides an overtime pay exemption for certain employees of a retail or service establishment who are paid on a commission basis. This exemption can be taken if (1) the employee's regular rate of pay in each workweek in which overtime is worked is in excess of 1½ times the applicable minimum hourly rate *and* (2) more than one-half the employee's compensation for a representative period, not less than 1 month, represents commissions on goods or services.

Motion picture theaters: Effective May 1, 1974, while employees of a motion picture theater with $250,000 annual sales volume are subject to the minimum wage of at least $1.90 an hour, they continue to be exempt from the overtime pay provisions of the act.

Nursing home employees: The partial overtime exemption after 48 hours a week for employees of a nursing home was repealed, effective May 1, 1974. A special overtime pay exemption is provided, however, in section 7(j) of the amended act. A nursing home may now have an agreement with its employees to pay overtime after 8 hours in a day and 80 hours in a 14-consecutive-day work period, just as in hospitals.

Hotel, motel, restaurant, bowling alley, and food service establishments: The complete and partial exemptions from the overtime pay requirements of the act for such employees have been revised. The overtime pay provisions will apply to such

employees after a specified number of hours, and, in some cases, are eventually to be phased out.

COMPUTING OVERTIME PAY

Employees who are not exempt from the overtime requirement of the act must be paid in accordance with the applicable standards for all hours worked. This includes all time the employee is working on his job and all time he is required to be at his place of work or on duty. Remember this also includes the time an employee spends in various tasks before the store opens to the public and after it closes.

A basic rule to keep in mind is that each workweek stands alone. Hours and earnings must not be averaged over 2 or more weeks. Also, you cannot change a workweek unless the change is intended to be permanent. For additional information, see *Wage and Hour and Public Contracts Interpretative Bulletin, Part 778,* available free from the Wage and Hour Division's nearest office. It contains examples of overtime computations. These examples are for payments by salary, by commission, by the hour, by the piece, and by combinations of these and other forms of pay. The *Bulletin* also points out what kinds of payments must be included in the regular rate of pay and what kinds may be excluded.

EQUAL PAY PROVISIONS

Under the equal pay provisions of the act, the employer may not discriminate on the basis of sex by paying employees of one sex at rates lower than those paid employees of the opposite sex in the same establishment, for doing equal work on jobs requiring substantially equal skill, effort, and responsibility, which are performed under similar working conditions. All employees working within an establishment in which employees are subject to any provisions of section 6 of the act are entitled to the benefits of the equal pay provisions. Included are employees employed in bona fide executive, administrative, or professional capacities, or in the capacity of outside salesperson, as defined in 29 CFR part 541 even though otherwise exempt from the act's minimum wage and overtime pay provisions.

Exceptions are provided under the act where it can be shown that a wage differential is based on a seniority system, a merit system, a system measuring earnings by quantity or quality of production, or on any other factor other than sex.

An employer who is paying a wage differential in violation of the equal pay provisions of the act may not reduce the wage rate of any employee in order to comply with these provisions. Wages withheld in violation of the equal pay provisions have the status of unpaid minimum wages or unpaid overtime compensation under the act, and back wages due under the equal pay provisions are subject to the same methods of recovery as any other wages due under the act.

The FLSA prohibits any labor organization, or its agents, representing employees of an employer having employees subject to any provision of section 6 of the act, from causing or attempting to cause the employer to discriminate against an employee in violation of the equal pay provisions.

The observance of State or local legal restrictions on the employment of

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women—on hours, rest periods, and the like—does not make otherwise equal work unequal. Nor does such observance justify unequal pay. No provision of the FLSA justifies noncompliance with local laws establishing higher standards.

SUBMINIMUM WAGE CERTIFICATES

Section 14 of the act provides for the employment of full-time students in retail or service establishments, in compliance with applicable child labor laws, on a part-time basis or on a full-time basis during school vacations, at wage rates below the generally applicable statutory minimum wage subject to and under the conditions specified in special certificates issued by the Administrator. Other provisions of section 14, which may apply in retail or service establishments, provide for issuance of special certificates permitting the employment of student-learners in vocational education programs and handicapped workers at rates below the statutory minimum wage.

CHILD LABOR

Under the act's child labor provisions, retailers may employ minors who are at least 16 years of age in any job, except those declared hazardous. The latter have a minimum age requirement of 18 years.

Young people of 14 and 15 may work outside school hours in sales and office work for limited daily and weekly hours. Of course, your State child labor law must also be considered. Where Federal and local requirements differ, you must observe the higher standards.

ENFORCEMENT

Failure to pay the statutory minimum wage and overtime compensation results in cumulative backpay liabilities. Unpaid wages may be restored under the supervision of the Secretary of Labor or recovered through court action brought by the Secretary or the employees. Serious violations of the law may result in civil or criminal action. Records required by the law must be available for inspection by representatives of the Wage and Hour Division.

RECORDS

The FLSA requires employers to maintain records on wages, hours, and other items. Most of this information is the kind you usually keep in the course of operating your business and complying with other laws. The records do not have to be kept on any particular form, but you must keep them for 3 years.

Some supporting data—timecards, piecework tickets, and order and shipping records—need be kept only 2 years. Microfilm copies of such documents are generally acceptable.

POSTING REQUIREMENTS

You have to let your employees know about their rights under the law. Employers having workers subject to the minimum wage provisions must display the Wage and Hour Division's "Notice to Employees" where the workers can readily see it. Posters may be obtained from the nearest Wage-Hour office.

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ACCOUNTING SERVICES FOR SMALL SERVICE FIRMS

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SUMMARY

Accounting services can help the owner-manager of a small service firm keep his business on a sound basis. Among these services are setting up recordkeeping procedures, interpreting a firm's records, and providing financial advice based on such an interpretation.

Sample profit and loss statements are used to illustrate how accounting services can help reveal and correct trouble spots.

MANY small service firms seem to have the potential for success. The owner-managers are good craftsmen and offer services which attract customers. And in many cases, sales are good.

Yet, because of poor financial management, some small service firms fail. Others struggle to keep out of the red. Still others stay in the black only because the owner-managers are willing to work for low pay.

In some cases, the poor results are caused by inadequate financial records. In other firms, the records may be good, but the owner-manager lacks the ability or experience to use them.

In achieving effective financial management, the services of a public accountant are helpful. He can design records, set up ways for maintaining them, draw off vital information, and help relate it to a profitable operation.

BITS OF INFORMATION

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Daily bits of information flow into a small service firm. As customers are served, pieces of information are generated about sales; cash; equipment; purchase expenses; payroll; accounts payable; and, if credit is offered to customers, accounts receivable.

To capture these facts and figures, a system is necessary. The accountant can help design one for recording the information which the owner-manager needs if he is to control finances and make profitable decisions.

Such a system usually consists of bookkeeping records which may be set up in journals, ledgers, or other records.

The accountant, with the following basic records, sets up a system according to your particular need.

CASH RECEIPTS—Used to record the cash which the business receives.

CASH DISBURSEMENTS—Used to record the firm's expenditures.

SALES—Used to record and summarize monthly income.

PURCHASES—Used to record the purchases of merchandise bought for processing or resale.

PAYROLL—Used to record the wages of employees and their deductions, such as those for income and Social Security taxes.

EQUIPMENT—Used to record the firm's capital assets, such as equipment, office furniture, and motor vehicles.

INVENTORY—Used to record the firm's investment in stock which is needed for arriving at a true profit on financial statements and for income tax purposes.

ACCOUNTS RECEIVABLE—Used to record the balances which customers owe to the firm.

ACCOUNTS PAYABLE—Used to record what the firm owes its creditors and suppliers.

WHO KEEPS THE BOOKS?

Once a system of records nas been set up, the question is: Who will keep the books?

Five possibilities are open. The public accountant who has set up the books may keep them himself and provide the greatest accuracy. But you must weigh the cost because he has to charge for his time, operating expenses, and profit. However, his professional advice can frequently increase your profits to more than cover his expenses.

If you have the time and inclination, you can keep the books yourself. Or your wife can look after them.

Another possibility is to hire someone to work part-time. Then there is the free lance bookkeeper who works full-time but allots his talent among several firms.

DRAWING THE PICTURE

A set of books is like a roll of exposed film. The latter must be developed before you can see the picture.

Similarly, your books contain facts and figures which make up a picture of your business. They have to be arranged into an order before you see the picture.

The accountant draws such a picture by preparing financial statements, such as a profit and loss statement. The P and L statement shows what profit or loss your business had in a certain time period. A sample—"Profit and Loss Statement for OK Appliance Repair Company" *—is shown on page 4 of this *Aid*.

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* All names in *Aids* are disguised.

Profit and Loss Statement
for
OK Appliance Repair Company *

GROSS SALES		$ 70,000
COST OF SALES:		
Opening Inventory	$ 13,000	
Purchases	25,000	
Total	38,000	
Ending Inventory	14,000	
TOTAL COST OF SALES		24,000
GROSS PROFIT		46,000
OPERATING EXPENSES:		
Payroll (not including owner)	26,000	
Rent	3,000	
Payroll Taxes	1,500	
Interest	600	
Depreciation	1,400	
Truck Expense	5,500	
Telephone	2,400	
Insurance	1,000	
Miscellaneous	1,000	
Total		42,400
NET PROFIT (before owner's salary)		$ 3,600

ANALYZING THE PICTURE

Some aspects of the financial picture of a small service firm may stick out like a sore thumb. For example, in the P and L statement on this page the net profit of $3,600 does not warrant the time and effort which the owner-manager puts into the business.

Why is the profit so low?

The reason begins to appear when the accountant analyzes the firm's financial picture. The profit and loss statement on page 5 of this *Aid* shows the results of a study where: (1) sales are broken down into two categories: parts and service and (2) expenses are allocated to each category. Such information is easy to accumulate when your sales records are set up to capture the breakdown at the time of the sale.

In addition, the example on page 5 uses percentages to show the part of each sales dollar used by each of the various expenses. This method is especially good for comparing current year financial statements with those of prior years to determine the trend of the business. It is also valuable in comparing your figures with those of other firms in your line of business.

Two trouble spots stand out when the expense figures of the OK Appliance Repair Company are broken down into percentages. One is the loss on the sale of parts. The other is an excessive payroll.

OK Appliance Repair Company *
P and L Statement Showing
Expenses as Percentages of Sales

	Total		*Parts*		*Service*	
	Amount	*Percent*	*Amount*	*Percent*	*Amount*	*Percent*
GROSS SALES	$ 70,000	100.00	$ 25,000	100.00	$ 45,000	100.00
COST OF SALES:						
Opening Inventory	13,000		13,000			
Purchases	25,000		25,000			
Total	38,000		38,000			
Ending Inventory	14,000		14,000			
Total Cost of Sales	24,000	34.29	24,000	96.00		
GROSS PROFIT	46,000	65.71	1,000	4.00		
OPERATING EXPENSES:						
Payroll	26,000	37.14			26,000	57.78
Rent	3,000	4.28	1,500	6.00	1,500	3.34
Payroll Taxes	1,500	2.14			1,500	3.34
Interest	600	.86	300	1.20	300	.66
Depreciation	1,400	2.00			1,400	3.11
Truck Expense	5,500	7.86			5,500	12.22
Telephone	2,400	3.43	1,200	4.80	1,200	2.67
Insurance	1,000	1.43	400	1.60	600	1.33
Miscellaneous	1,000	1.43	500	2.00	500	1.11
Total	42,400	60.57	3,900	15.60	38,500	85.56
NET PROFIT (LOSS)—	$ 3,600	5.14	$ (2,900)	(11.60)	$ 6,500	14.44
(Exclusive of owner's salary)						

The loss on the sale of parts occurred because the owner-manager did not price the parts properly. A careful review indicated that he received a 30 percent discount when he bought the parts. Therefore, his sales price—provided competition allowed it—should have been $34,286 ($24,000 divided by 70 percent equals $34,286) instead of $25,000. This increase in price would have covered his other costs and have given a net profit of $6,386 ($10,286 minus operating expenses of $3,900) instead of a loss of $2,900.

Now look at the other trouble spot—payroll. Where more than 57 percent of the service income is spent for payroll, a further study is required. It is even more serious when you recall that this percentage does not include the owner-manager's salary. Therefore, either higher service charges are necessary or a more efficient use of the servicemen's time is needed.

The reasons for a large payroll cost are difficult to pinpoint. The accountant analyzes the situation by looking for answers to the following kinds of questions: (1) Is an accurate record maintained of time spent on jobs? (2) Is the 8-hour day of each employee accounted for? (For example, is travel time from one job to another charged to his day?), (3) When employees are paid overtime, is the additional expense reflected in the charge to the customer? (4) Is work

being done on a guaranteed price basis or is it being billed on an hourly basis? (5) If you bill on a guaranteed price basis, is the actual time spent on the job greater than what was originally estimated? If so, and the job results in a loss was the estimate sound? (6) Can employees do their work with minimum wasted effort and time? and (7) Is the percentage spent for payroll appropriate for service activities?

A P and L statement for your firm may reveal various items that need looking into. For example, you may be paying more for rent than is necessary for your type of business. Or there may be a better way to schedule work so that your truck or trucks can be used more efficiently. Perhaps the mails can be used to reduce long distance telephone calls. Or there may be a possibility of increasing inventory turnover.

In the example on page 5, the average inventory for the 12-month period is $13,500 ($13,000 opening inventory, $14,000 ending inventory, average inventory $13,500). With the cost of sales being $24,000, the firm's average inventory was used less than twice a year. To put it another way, the ending inventory of $14,000 represents a parts supply for approximately 7 months.

When the owner-manager realized this fact, he was able to cut the average to $10,000. It depends, of course, on the type of service business, but one of his economies was carrying a small supply of certain parts and relying on immediate delivery from wholesalers for replacements.

ADVICE AND ASSISTANCE

In addition to analyzing the profit and loss statement and pointing out areas which need control, your accountant can advise on financial management. He can advise on cash requirements, budget forecast, borrowing, business organization, and taxes.

On cash requirements, the accountant can help you work out the amount of cash needed to operate your firm during a certain period—for example, 3 months, 6 months, a year. He considers how much cash you will need for the following: to carry customer accounts receivable, to add to inventory, to pay current bills, to buy equipment, and to repay loans. In addition, he can determine how much of the cash will come from collections of accounts receivables and how much will have to be borrowed.

While working out the cash requirements, the accountant may notice and call to your attention danger spots such as accounts that are in arrears. One firm, for example, allowed a customer to fall behind in his payments until he owed approximately $18,000. When he went bankrupt, the firm lost $16,000—almost as much as a year's profit.

When you borrow, the accountant can assemble financial information such as a profit and loss statement and a balance sheet. The purpose of such data is to show the lender the

financial position of your business and its ability to repay the loan. Using these data, the accountant can advise on whether you need a short-term or a long-term loan. The financial data which he compiles may include: the assets you will offer for collateral, your present debt obligations, a summary of how you will use the borrowed money, and a schedule of how you intend to repay. In addition, if the owner-manager has never borrowed before, the accountant may help by introducing him to a banker who knows and respects the accountant's reputation.

You, your accountant, and your attorney should work together to decide the type of organization that best fits your need. The accountant can point out the tax advantages and disadvantages of the various types of business organization —proprietorship, partnership, and corporation.

Taxes are another area in which the accountant can provide advice and assistance. Normally, a bookkeeping system which provides the information you need for making profitable decisions will suffice for tax purposes. However, if additional facts are needed because of your type of business, your accountant can bring them to your attention and suggest a method for recording them.

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ACCOUNTING SERVICES FOR SMALL SERVICE FIRMS

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SBA

SMALL BUSINESS ADMINISTRATION

SMALL BUSINESS BIBLIOGRAPHY

No. 15

THIS publication contains a list and brief description of recordkeeping systems which can be used by operators of small retail and service trade establishments. It is intended primarily for proprietors of very small businesses who are interested in obtaining a set of records which can be maintained by persons with little or no experience or training in bookkeeping or accounting. The systems listed can be kept by the small business owner himself or by an employee with ordinary clerical ability. It would be advisable, however, to thoroughly understand the system before undertaking to maintain it. This can be accomplished by having an accountant review and teach the system to the one who will maintain it.

For the man just going into business, experience clearly indicates that an adequate recordkeeping system helps increase the chances of survival and reduces the probability of early failure. Similarly, for the established businessman, it has been clearly demonstrated that a good recordkeeping system increases the chances of staying in business and of earning larger profits.

How do accounting records decrease the chances of failure and increase likelihood of staying in business and of earning larger profits?

This can best be answered by listing some of the information a simple but adequate system of records can furnish:

How much business (cash and credit) am I doing? How much is tied up in receivables?

How are my collections? What are my losses from credit sales? Who owes me money? Who is delinquent? Should I continue to extend credit to delinquent accounts? How soon can I anticipate realizing on my accounts receivable?

How much cash do I have on hand and in the bank? Does this amount agree with what records tell me I should have, or is there a shortage? How much is my investment in merchandise? How often do I turn over my inventory? Have I allowed my inventory to become obsolete?

How much merchandise did I take out of my store for personal or family use which affects my gross profit calculations?

How much do I owe my suppliers and other creditors? Have I received all of my outstanding credits for returned merchandise?

How much gross profit (margin) did I earn?

What were my expenses, including those not requiring cash outlays?

What is my weekly payroll? Do I have adequate payroll records to meet the requirements of Workmens Compensation, Wage Hour Laws, Social Security, Unemployment Insurance and Withholding taxes?

How much net profit did I earn (and how much resultant income taxes will I owe)?

Revised October 1973

What is my capital; that is, of my total assets, how much would be left for me after paying my creditors in full?

Are my sales, expenses, profits, and capital showing improvement or did I do better last year than this? How do I stand as compared with two periods ago? Is my position about the same, improving, or deteriorating?

This SMALL BUSINESS BIBLIOGRAPHY No. 15, **Recordkeeping Systems—Small Store and Service Trade,** is a revision and replaces all previous editions.

The systems are listed in two sections: **"SYSTEMS DESIGNED FOR USE IN ANY RETAIL OR SERVICE ESTABLISHMENTS"** and **"SYSTEMS DESIGNED FOR USE IN SPECIFIC RETAIL AND SERVICE TRADES."**

Publishers and others may submit to SBA information about new systems in this field and, changes in listings presently included, for consideration when this BIBLIOGRAPHY is again revised or reprinted.

On what lines of goods or in what departments am I making a profit, breaking even, or losing money?

Am I taking full advantage of cash discounts for prompt payments? How do my discounts *taken* compare with my discounts *lost*?

How do the financial facts of my business compare with those of similar businesses?

When the businessman can answer these and similar questions he knows whether something is wrong, and, if so, what has caused unfavorable conditions. By knowing that sales declines or sales of unprofitable items, slow collections, overinvestment in inventory, or rising expenses are his trouble areas, he can take corrective action that will do the most good. By spotting these trouble areas promptly, correction can be attempted before serious or permanent damage is done.

It is practically impossible to negotiate for a business loan from a bank without properly prepared financial statements. It may even be difficult to secure credit in any form without statements. Bankers and other credit grantors need to study the businessman's balance sheet and income statement in order to decide whether credit should be extended. Sometimes *audited* financial statements are required; the recordkeeping system must provide the basis for these statements.

Probably as equally important as the management and credit importance of financial statements, is the requirement by Federal and local Government agencies for adequate records. The responsibility for maintaining records and proving their accuracy falls on the taxpayer. Federal and local income taxes, payroll taxes, sales taxes, personal property taxes, and an increasing number of other laws and regulations require certain reports which are easier to prepare and substantiate if the figures are organized by a good recordkeeping system.

Records backing up Government reports must be available during the audit period. Record retention would depend upon the Statute of Limitations set forth by local and Federal law. It is important that you consult your attorney as to the requirements of governing statutes. Because of the cummulative volume of required records, storage and retrieval can become burdensome. Many businessmen are microfilming their old records, and microfilming service centers are being called on to solve this problem.

A number of "one-book" recordkeeping systems are available. Some are prepared with instructions and forms designed for specific kinds of business;

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while others are for use in a small business of a general nature. In addition to the systems listed below, some trade associations, manufacturers, and wholesalers offer specially designed recordkeeping systems to their dealer customers. These systems, as well as the ones listed in this publication, are prepared to meet the general recordkeeping needs of a large variety of retail and service trade establishments. The owner of a business will often find it to his advantage to have a system adapted to his special requirements by a trained public accountant.

The installation of accounting systems and the preparation of tax returns is a service commonly rendered by public accountants. These professional men are listed under appropriate headings in the yellow pages of any local telephone directory. For complete listings, you may request membership rosters from American Institute of Certified Public Accountants, 666 Fifth Ave., New York, N.Y. 10019 and National Society of Public Accountants, 1717 Pennsylvania Ave., N.W., Washington, D.C. 20006.

Public accountants also render may accounting services, such as auditing, preparation of reports for Government agencies, tax planning, analysis of financial reports, and a variety of specialized management advisory services.

Many of SBA's management publications discuss the necessity for keeping adequate records and the services available from public accountants. Most of these publications are slanted toward a certain phase of business operation or a specific kind of small business. Examples are:

A Handbook of Small Business Finance, Small Business Management Series No. 15. GPO.

Financial Recordkeeping for Small Stores, Small Business Management Series No. 32. GPO.

These booklets may be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

I. SYSTEMS DESIGNED FOR USE IN ANY RETAIL OR SERVICE ESTABLISHMENT

Most of the recordkeeping systems listed below are available from local stationery stores. If a particular system is not available from your local retail store, you may contact the publisher at the address given with each entry. Systems marked with an asterisk (*), are available only from the publisher.

All-Facts Bookkeeping System. Wilson Jones Company, 270 Madison Ave., New York, N.Y. 10016; 6150 W. Touhy Ave., Chicago, Ill. 60648. Bound book style (Stock No. S-4) $12.05. Contains the following forms: 50 double-page cash journal forms; also, forms for summaries; profit-and-loss statement; balance sheet; asset and depreciation record; mortgage and loan record; and employees' earnings record for 16 employees. Includes directions and filled-in specimen sheets. Loose-leaf style contains 100 double-page cash journal forms and includes all other forms mentioned above.

Dome Simplified Monthly Bookkeeping Record, #612; Dome Simplified Weekly Bookkeeping Record #600. Price $4.95. Dome Publishing Company, Dome Building, Providence, R.I. 02903. Available in stationery stores and chain stores. Contains the following forms sufficient for recording the results of 1 years' business: monthly record of income and expenses; annual summary sheet of income and expenditures; weekly payroll records covering 15 employees; individual employee compensation records. Also contains general instructions, specimen filled-in monthly record of income and expenses and list of 276 expenses which are "legal deductions" for Federal Income Tax purposes. This record was designed by a CPA and fits every type and kind of business.

General Business System. General Business Services, Inc., 7401

Wisconsin Ave., Washington, D.C. 20014. Complete, easy-to-maintain, preprinted recordkeeping system; custom designed for sole proprietors, partnerships and corporations; provides a monthly *profit and loss statement* and proof of accuracy, meeting requirements of Internal Revenue Service. Through their local authorized field directors, service includes: review and analysis of particular recordkeeping requirements; furnishing a complete set of records installed on business premises; personal instructions on use and maintenance of records; guidance throughout the year by trained local counselors; preparation of Federal and State income tax returns, both business and personal, with guarantee of accuracy by professional staff at national office; tax advisory service by tax specialists for research and answers to income tax questions; monthly tax bulletin with money-saving ideas; and supplementary services by local field directors as required. Also offers on an optional basis: computerized monthly billing, computerized bookkeeping, collection system for delinquent accounts, and tax preparation service for employed individuals.

Greenwood's Approved Business and Income Tax Record. The Greenwood Company, 710 South Federal St., Chicago, Ill. 60605. System No. 212. Permanently bound book $8.75; loose-leaf style $16.25. Contains the following forms: daily record for month; record of daily cash receipts; bank deposits; record of cash payments for month; monthly totals; yearly balance sheet; yearly profit-and-loss statements. Also includes filled-in specimen sheets. Users are offered free advisory bookkeeping service. Individual and weekly payroll records are also available.

Ideal System: General Bookkeeping and Tax Record. The Ideal System Company, Post Office Box 1030, Berkeley, Calif. 94701. Available in three sizes: $4.50, $6.50 and $9.95. Contains the following forms sufficient for recording the results of one years' business: receipts and expenses; summary statement; employee's payroll record; payroll summary; depreciation; contributions; proprietor's account form; fixtures and equipment; loan and note record; insurance record; special forms.

Ideal System: Merchants Bookkeeping and Tax Record. The Ideal System Company, Post Office Box 1030, Berkeley, Calif. 94701. Contains the following forms sufficient for recording the results of 1 or 2 years' business: sales and cash receipts; purchases; payments; distribution of expenses; bad debts; depreciation; monthly summary and statement of income; employee records; payroll summary; furniture, fixture and equipment record.

Key-Rec Receiving Systems. Moss Key-Rec Systems, Inc., 2224 Benton Ave., Dayton, Ohio 45406, or branch offices of SCM Allied/Egry Business Systems licensee. This firm specializes in solving business systems problems through survey, analysis and application of a paperwork simplification system. Key-Rec has over 50 recordkeeping and control systems to handle such problem areas as customer and vendor returns and inquiries, special orders, returns-to-vendors, "bad" checks, ombudsmen, etc. for all types of businesses. A prime area of concentration is in the control over receipt and distribution of merchandise and payment of invoices for the retail and service industries. Stock "off-the-shelf" forms are available to suit individual customer needs. All Key-Rec forms carry a Performance Guarantee. Many free helpful bulletins, including KEY-REC IDEAS, are available.

Kolor-Key. Moore Business Forms, Inc. Post Office Box 5250, Oakland, Calif. 94605 (Eastman Station). May be ordered through local Moore Business Forms representatives. System includes basic business forms (sales slip, invoice, statement, voucher check, purchase order, daily cash control, duplicate deposit slip); instructions for preparations and filing of forms; recordkeeping aids. The System is adaptable to a wide range of businesses and can be easily modified as the business grows and forms need change.

Modern Merchant Simplified Bookkeeping. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains the following forms sufficient for recording the results of 2 years' business: daily sales; expenses.

Safeguard Business Systems, Inc. Robert A. Munizich, Dir. of Marketing. 470 Maryland Drive, Fort Washington, Pa. 19034. Offers a number of one-write systems designed to help the small businessman with his recordkeeping activities. Also available are computerized financial information reports made available through the businessman's accountant. All of Safeguard's products and services are detailed in *Business Systems Reference Manual*, free on request.

Simplified Master System. Simplified Business Services, Inc., 901 Barclay Bldg., Bala Cynwyd, Pa. 19004. Includes personalized business consultation services and preparation of Federal and State Income Tax Returns by accounts, also Business Advisory and Tax Questioning and Answering Service. Available through authorized local distributors. Contains the following forms sufficient for record keeping: current business expenses; total employees' weekly salaries; cash withdrawn for personal use by the owners or partners; daily cash receipts; summary of current business expenses; payment for notes, fixtures, and equipment; summary of monthly cash payments; payments for merchandise on everything bought to resell; summary of daily sales including charge sales; work sheets; income tax information sheet; balance sheet and statement of net worth on a comparative basis; monthly and accumulated profit and loss statements; stock and bond records; record of sales of business real estate or personal property, etc. Record of income from estates; record of real estate and property expenses and income; personal deduction records; real estate mortgage records; equipment and property inventory and depreciation records; inventory; notes payable; notes receivable; insurance records, work sheet. Available in different editions for individuals, partnerships, and corporations. In-

cludes (in addition to both forms and services) a Business Advisory Service; business bulletins and instructions; business improvement ideas; management techniques and ideas and instructions on their use; free membership in the Security Small Business Association providing opportunity (in most States) to purchase low cost Group Life Insurance without any medical examination. See individual business listings on following pages for availability of specialized systems.

II. SYSTEMS DESIGNED FOR USE IN SPECIFIC RETAIL AND SERVICE TRADES

Appliance Dealers

**NARDA Simplified Bookkeeping System Instructions for Dealer Participants.* National Appliance & Radio-TV Dealers Assn., 318 West Randolph St., Chicago, Ill. 60606. To get started in the program, dealer must supply the beginning balances of each balance sheet account as of the date he wishes to begin the program. If dealer is starting up at any time other than the beginning of fiscal year, he must also supply the beginning balances of all Profit and Loss Statement Accounts. From then on, the dealer will record information in the four journals used as source documents for this program. These are: Cash Receipts Journal, Sales Journal, Purchase Journal, and Cash Disbursements Journal. Program also includes a manual containing step-by-step directions with illustrated entries. A revised fee for participating in the program is .002 of the dealer's monthly volume if he is a member of the association. Non-members are charged an additional 25 percent per month.

General Business System for Appliance Dealers. For general information see entry on page 4.

Automobile Dealers

General Business System for Automobile Dealers. For general information see entry on page 4.

Barber Shops

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

General Business System for Barber Shops. For general information see entry on page 4.

Ideal System: Barber Shop Bookkeeping and Tax Record. For general information see entry on page 5. Instructions and special forms for this specific business.

Bars and Restaurants

Easy Bookkeeping Tax-System: Bar and Restaurants. Eric J. Engelhardt. Each book retails for $35. Hampton Management Inc., 26 Peacock Dr., Roslyn, N.Y. 11576. An elementary bookkeeping system which stresses daily and monthly analyses and business controls with the goal of increased profits through better business management. It is a do-it-yourself business kit, containing the following business forms and tax records; daily income and expenses; daily checks issued; summary of monthly income and expenses; the investment in fixtures, equipment, furniture; insurance, business and personal; ready-made financial reports, such as balance sheets and profit-and-loss statements; loan and note records; payroll book and record; personal tax deduction elementary tax guide, and ready-made envelopes to Internal Revenue Service; social security information; illustrated sample worksheets; monthly inventory controls; capital gains and investments; gross-profit chart; schedule of interest and dividend income; schedule of assets and depreciation records; personal instructions; preparation of Federal and State Tax returns with guarantee of accuracy—all of the above meeting the requirements of Internal Revenue Service.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

General Business System for Bars and Restaurants. For general information see entry on page 4.

Ideal Systems Tavern & Cafe Bookkeeping and Tax Record. For general information see entry on page 5. Instructions and special forms for this special business.

Beauty Salons

Beautician Simplified Bookkeeping. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains the following forms sufficient for recording the results of 2 years' business: operators' records; daily sales and excise tax record; weekly social security deductions of operators; weekly salary record of operators; disbursements.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

Easy Bookkeeping Tax Systems: Beauty Salon. For general information, prices, etc., see entry under Bars and Restaurants.

General Business System for Beauty Salons. For general information see entry on page 4.

Ideal System: Beauty Shop Bookkeeping and Tax Record. For general information see entry on page 5. Instructions and special forms for this specific business.

N.H.C.A. Simplified Weekly Business Record. Dome Publishing Company, Inc. The Dome Bldg., Providence, R.I. 02903. Design for National Hairdressers and Cosmetologists Association, Inc., 3510 Olive St., St. Louis, Mo. 63103.

Simplified Master System—Beauty Shop. Simplified Business Services, Inc. See listing on page 1.

Building Contractors

General Business System for Building Contractors. For general information see entry on page 4.

Ideal Systems Contractors Bookkeeping and Tax Record. For general information see entry on page 5. Instructions and special forms for this specific business.

McBee Systems for Contractors. A practical "one-write" method for general accounting; timekeeping methods; complete job-cost control; payroll forms.

Practical Accounting and Cost Keeping for Contractors. Frank R. Walker Company, 5030 North Harlem Ave., Chicago, Ill. 60656. 5th ed. 1957. $5. Includes estimating, job organization, time keeping and cost keeping methods, bookkeeping and accounting, social security records, etc.

Practical Bookeeping and Accounting Systems for Contractors. Frank R. Walker Company, 5030 North Harlem Ave., Chicago, Ill. 60656. Send for complete illustrated catalog with prices. A complete line of bookkeeping and accounting systems for contractors; also time sheets, payroll forms, estimate sheets, cost systems, etc.

Simplified Master System—Contractor. Simplified Business Services, Inc., see listing on page 5.

***Credit Control and Billing System**

American Billing Corp., National Headquarters, 3014 North Seventh St., Phoenix, Ariz. 85014 or, 1512 Twisting Tree Lane, McLean, Va. 22101. A complete system that is effective and easy to run. The ABC System is a time saver which increases cash flow, helps maintain business-line relations with credit clientele, and increases efficiency in billing and credit operations. The System enables the businessman to extend credit properly, gives him effective billing procedures, stimulates prompt payment of receivables, and includes a "no fee" collection service. A representative will confer with the businessman who wants information about the System, its installation, and cost. The System is applicable wherever credit is extended, in both retail and wholesale establishments. The System is being successfully used in animal hospitals, appliance stores, automobile dealers, auto parts dealers, camera stores, caterers, cleaners, clinics, clothing stores, contractors, dairies, dentists, doctors, employment agencies, floor covering stores, florists, fuel oil dealers, funeral homes, furniture stores, garages, glass shops, hardware stores, home improvement shops, hospitals, hotels, interior decorators, laundries, lawyers, lumber and building supply companies, newspapers, plumbers, printers, service stations, tool rental shops, TV sales and service, sporting goods shops, universities, upholsterers, veterinarians, and wholesalers.

Dairy Farm

General Business System for Dairy Farm. For general information see entry on page 4.

Simplified Master System: Dairy Farm. Simplified Business Services, Inc. See entry on page 5.

Drug Stores

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. See entry on page 4.

General Business System for Drug Stores. For general information see entry on page 4.

Ideal System: Drug Store Bookkeeping and Tax Record. For general information see entry on page 5. Instructions and special forms for this specific business.

Dry Cleaner, Tailor and Dyers

Easy Bookkeeping Tax System: Cleaners and Dyers. For general information, prices, etc., see entry under Bars and Restaurants, page 6.

General Business System for Cleaners and Dyers. For general information see entry on page 4.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

Ideal Systems Cleaners and Dyers Bookkeeping and Tax Record. For general information see entry on page 5. Instructions and special forms for this business.

Simplified Master System: Dry Cleaner or Tailor. See listing on page 5.

Farm and Ranch

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Record #612. See entry on page 4.

Easy Bookkeeping Tax System: Farm and Ranch. For general information, prices, etc., see entry under Bars and Restaurants, page 6.

Ideal System: Farm and Ranch Bookkeeping and Tax Record. For general information, see entry on page 5.

Farm Equipment Dealers

Uniform Accounting System for Farm Equipment Dealers. National Farm & Power Equipment Dealers Association, 2340 Hampton Ave., St. Louis, Mo. 63139. $63. Contains the following forms: purchase and disbursement record; sales and receipt record; expense distribution record; cost of sales record; general ledger sheets; balance sheet; profit-and-loss statements; daily sales summary pads; trade-in schedule; and a complete illustrated instruction book.

Dealers Computerized Accounting Service. Provides fast, accurate record keeping utilizing computer printed journals, general ledger, monthly financial statement and all other normal records and schedules, based on number of entries each month.

General Business System for Farm and Ranch. For general information see entry on page 4.

Florists

Guide to the FTDA Uniform Accounting System. Florists' Transworld Delivery Association, 900 West Lafayette, Detroit, Mich. 48226. A guide to simplified recordkeeping with sample forms. Available to members only.

General Business System. For general information see entry on page 4.

Funeral Director

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

Simplified Master Systems: Funeral Director. Simplified Business Services, Inc. See entry on page 5.

General Business System. For general information see entry on page 4.

Furniture Stores

**NRFA Uniform Accounting System.* National Retail Furnishings Association, 1150 Merchandise Mart, Chicago, Ill. 60654. $75 to members; $112.50 to nonmembers. Contains the following forms sufficient for recording the results of 1 years' business: cash disbursements journal; cash receipts and sales journal; general journal; special analysis forms designed for specific secondary records. Also a "Guide to the System," containing step-by-step directions, with illustrated entries.

Garage or Auto Repair

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. See entry on page 4.

General Business System. For general information see entry on page 4.

Simplified Master Systems: Garage or Auto Repair. Simplified Business Services, Inc. See entry on page 5.

Gift Shops

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. See entry on page 4.

General Business System for Gift Shops. For general information see entry on page 4.

Grocery and Meat Stores

Ideal System: Grocers Bookkeeping and Tax Record. For general information see entry on page 5.

Modern Merchant Simplified Bookkeeping. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains the following forms sufficient for recording the results of 2 years' business: daily sales; expenses.

General Business System. For general information see entry on page 4.

NARGUS *Simplified Weekly Business Record.* Dome Publishing Company, Inc., The Dome Bldg., Providence, R.I. 02903. Designed for National Association of Retail Grocers of the United States, Inc., Suite 620, 2000 Spring Rd., Oak Brook, Ill. 60521.

Hardware Stores

General Business System. For general information see entry on page 4.

Ideal System Hardware Stores Bookkeeping and Tax Record. For general information, see entry on page 5.

**NRHA. Better Business Records.* National Retail Hardware Association, 964 North Pennsylvania Street, Indianapolis, Ind. 46204. Price list available from Association; sale confined to members of State or National Associations. Contains the following forms: Daily record; expense distribution—cost of doing business; invoice and margin register, monthly and annual summary; profit-and-loss and financial statements; profit planning for business control forms. Also available: Duplicate customers' ledger system and ledger sheets; salesbooks; envelopes; receipt books; order books; etc.; and *How To Keep Books Without Being a Bookkeeper*, $2, an instruction manual covering recommended accounting system for retail hardware stores.

**NRHA Departmental Accounting System.* National Retail Hardware Association, 964 North Pennsylvania Street, Indianapolis, Ind. 46204. Price list available from Association. Sale confined to members of State or National Associations. Contains the following: System setup for eight departments: daily record; expense distribution; invoice and accounts payable record; monthly summary; monthly estimated profit and loss; year-end profit and loss and financial statements; profit planning and control sheets; instruction manual—*How To Keep Books Departmentally*, $2—instruction manual on departmental system.

Hotels

Ideal System: Simplified Bookkeeping System for Motels, Apartment Houses and Hotels. Special size. $4.95. See listing on page 5.

Simplified Master Systems. Simplified Business Services, Inc. See entry on page 5.

Uniform System of Accounts and Expense Dictionary for Motels-Motor Hotels, Small Hotels. American Hotel and Motel Association, 888 Seventh Ave., New York, N.Y. 10019. $4.50 to members; $7.50 to nonmembers. A uniform system of accounts for motels/motor hotels/small hotels, developed by the National Association of Hotel-Motel Accountants. Presents financial statements with explanatory comments and descriptions of account classifications. Separate sections devoted to operations with little or no restaurant operation, and those with considerable restaurant operations. Expense dictionary also provided.

**Uniform System of Accounts for Hotels.* Hotel Association of New York City, Inc., 141 West 51st St., New York, N.Y. 10010. 1961. $4.50. A 102-page book containing the basic information required in establishing an accounting system in any hotel, large or small. The book contains a format for preparing a balance sheet and profit and loss statement and detailed explanations for recording financial transactions within the framework of these statements. Using the system will enable a hotel's operation to be compared with one of a similar size also using the system.

General Business System. For general information see entry on page 4.

Jewelers and Watchmakers

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Record #612. For general information see entry on page 4.

Ideal System: Jewelers and Watchmakers Bookkeeping and Tax Record. For general information, see entry on page 5. Instructions and special forms for this specific business.

General Business System. For general information see entry on page 4.

Laundries

International Fabricare Institute System No. 1. American Institute of Laundering, Joliet, Ill. 60434. $36.30 to members; $54.45 to nonmembers. Designed for plants with 10–50 employees. Contains the following: combined journal and cash book; general ledger; financial statements; manual of instructions; binders. System may be purchased as a unit or forms may be ordered separately. Forms prices available on request.

International Fabricare Institute System No. 2. American Institute of Laundering, Joliet, Ill. 60434. $57.70 to members; $87.55 to nonmembers. Designed for plants of 30 or more employees. Contains the following: record of cash received; record of cash drawn; invoice record; general journal; operating statement; statement of assets and liabilities; general ledger; recapitulation; manual of instructions; binders. System may be purchased as a unit or forms may be ordered separately. Forms prices available on request.

International Fabricare Institute System No. 3. American Institute of Laundering, Joliet, Ill. 60434. $11.50 to members; $17.25 to nonmembers. Designed for neighborhood and quick-service operations with 10 or less employees. Contains the following: cash receipts and disbursements; income and expense statement; balance sheet; employee earning record; instructions manual; binder. The system may be purchased as a unit or forms may be ordered separately. Forms prices available on request.

International Fabricare Institute System No. 4. American Institute of Laundering, Joliet, Ill. 60434. $26.95 to members; $40.43 to nonmembers. Designed for plants with 10 employees or less. This is the system described in IFI Special Report #282. Contains the following: cash disbursements; cash receipts & disbursements (Summary); income & expense statement; balance sheet; employees earnings record; fixed assets & depreciation record; worksheet or supplemental forms; proprietor's record or capital stock & surplus; inventory record; insurance record; ledger record; disbursements (tax analysis); employees' earnings record; voucher form; petty cash receipt envelopes; petty cash receipt; daily time cards; complete set including explanatory text, 1 binder.

General Business System. For general information see entry on page 4.

Liquor Package Stores

Ideal System: Beer, Wine and Liquor Package Store Bookkeeping and Tax Record. For general information see entry on page 5.

Simplified Master Systems. Simplified Business Services, Inc., see entry on page 5. Instructions and special forms for this specific business.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

General Business System. For general information see entry on page 4.

Locker and Freezer Provisioners

Guide to Uniform Accounting for Locker and Freezer Provisioners. 1959. $1. GPO. Result of a study conducted under authority of the Agriculture Marketing Act of 1946. The Guide explains the uniform accounting system and gives instructions for operating it. Includes sample forms and entries.

General Business System for Locker and Freezer Provisioners. For general information see entry on page 4.

Men's Clothing and Furnishing Stores

Inventory Systems: Store Supply Catalog pp. 91–102. National Clothier Service, 1727 West Devon St., Chicago, Ill. 60660. 1973. Prices subject to change without notice. Minimum order amount $5. Contains sufficient forms to meet all contingencies of the small businessman.

General Business System. For general information see entry on page 4.

Motels and Motor Hotels

An Account Book for Small Tourist and Resort Businesses, No. R–604. Robert W. McIntosh, 1953, 48 pp., Michigan State University, Tourist and Resort Service. $1. A simplified account book for the use of motel operators. Instructions for use included. This book may be obtained from the Bulletin Office, Post Office Box 231, East Lansing, Mich. 48824. Please use the number R–604, when ordering.

Ideal System: Simplified Bookkeeping System for Motels, Apartment Houses and Hotels. Special size $4.95. See listing on page 5.

Simplified Master Systems – Motels. Simplified Business Services, Inc. See listings on page 5.

**Uniform System of Accounts and Expense Dictionary for Motels-Motor Hotels, Small Hotels.* 1963. American Hotel and Motel Assn., 888 Seventh Ave., New York, N.Y. 10019. 128 pp. $4.50 to members; $7.50 to nonmembers. A uniform system of accounts for motels/motor hotels/small hotels, developed by the National Association of Hotel Accountants. Presents basic financial statements with explanatory comments and descriptions of account classifications. Separate sections devoted to operations with little or no restaurant operations. Expense directory also provided.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general

information see entry on page 4.

General Business System. For general information see entry on page 4.

Music Stores

**NAMM Standard Accounting Manual for Music Stores.* National Association of Music Merchants, Inc., 222 West Adams St., Chicago, Ill. 60606. $35 postpaid. The aim of this manual is *flexibility*. The owner-manager may choose the accounts he needs; use whichever forms he desires; prepare reports and statements as often and as detailed as he wishes and adopt segments of this system at his convenience. Contains the following illustrations: general ledger; cash receipts journal; cash disbursements journal; accounts receivable ledger; accounts payable ledger; payroll journal; sales journal; purchase journal; property and equipment ledger; insurance register; general journal; and "railroaded" general ledger accounts.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

General Business System. For general information see entry on page 4.

Nursing Homes

Simplified Master Systems—Nursing Homes. Simplified Business Services, Inc. See listing on page 5.

U.S. Public Health Service—A suggested System of Uniform Expense Accounting for Nursing Homes and Related Facilities. 1961, 125 pp. $1. GPO.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

Office Supply and Stationery Stores

General Business System for Office Supply and Stationery Stores. For general information see entry on page 4.

Pest Control

Uniform Accounting Manual for Pest Control. National Pest Control Association, 250 West Jersey St., Elizabeth, N.J. 07207. 1965, 32 pp. $2.50 to members; $4.00 to non-members. Complete with chart of accounts, descriptions of the accounts by four size classifications.

Basic Bookkeeping System for Pest Control. National Pest Control Association, 250 West Jersey St., Elizabeth, N.J. 07207. 316 8½ x 11 pre-printed loose leaf pages including income sheets, expense sheets, payroll records, general journal sheets, and profit and loss statements. Designed for the small firm (1–5 man). Price $15 to members; $25 to non-members.

General Business System. For general information see entry on page 4.

Real Estate Business

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

Ideal System: Real Estate Business Bookkeeping and Tax Record. For general information, see entry on page 5.

Income Property. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains the following forms sufficient for recording the results of 2 years' business; tenants' records; disbursements and expenses.

General Business System for Real Estate Business. For general information see entry on page 4.

General Business System. For general information see entry on page 4.

Resorts and Tourist Business

Account Book for Small Tourist and Resort Business. See listing under Motels and Motor Hotels.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

General Business System. For general information see entry on page 4.

Restaurants and Taverns (See also Bars and Restaurants, page 6.)

**Cafe and Restaurant Record.* The Greenwood Company, 710 South Federal St., Chicago, Ill. 60605. Price available from Publisher. Contains the following forms: daily purchase and expenses for months; record of daily sales; record of daily cash receipts; record of daily payments.

Ideal System: Restaurant and Cafe Bookkeeping and Tax Record. For general information, see entry on page 5.

Restaurant Simplified Bookkeeping. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains the following forms sufficient for recording the results of 2 years' business: daily sales; daily food purchases; general overhead expense.

Simplified Master Systems-Restaurants. Simplified Business Services, Inc. See listing on page 5.

Shaw's Simplified Bookkeeping System for Taverns. Wilson Jones Company, 122 East 23d St., New York, N.Y. 10010, or 209 Jefferson St., Chicago, Ill. 60606 (Stock No. S–5053) $4.20. Contains the following forms arranged in sections: cash book; purchases and expenses; and extension style summaries; each separated by a step-cut index. Detailed instructions show where all figures are to be entered.

Simplex Bookkeeping and Income Tax Record for Restaurants or Taverns. National Blank Company, Holyoke, Mass. 01041. Contains the following forms sufficient for recording the results of 2 years' business: daily transaction record; monthly and yearly summaries; employees' earnings record; instruction sheet and demonstrating entries.

**Tavern and Buffet Record.* The Greenwood Company, 710 South Federal St., Chicago, Ill. 60605. Form 70A. Price available from publisher. Contains the following forms: daily purchases and expenses for month; record of daily sales; record of daily cash receipts; record of daily payments.

Uniform Systems of Accounts for Restaurants. National Restaurant Association, 1530 North Lake Shore Drive, Chicago, Ill. 60610. $7.50. A manual containing a system for all calassifications of restaurants with detailed explanation of accounts and procedures. Forms available from Allis Press, 910 Central St., Kansas City, Mo. 64105.

General Business System. For general information see entry on page 4.

Retail Stores and Service Firms

Easy Bookkeeping Tax System: General Retail and Service Firm. For general information, see entry under Bars and Restaurants, page 6.

General Business System. For general information see entry on page 4.

Service Stations and Garages

Easy Bookkeeping Tax System: Service Stations. For general information, see entry under Bars and Restaurants, page 6.

**Garage and Gas Station Record.* The Greenwood Company, 710 South Federal St., Chicago, Ill. 60605. Form 50. Price available from publisher. Contains the following forms: daily purchases and expenses for month; record of daily sales; record of daily cash receipts; record of daily payments.

Ideal System: Garage and Service Station Bookkeeping and Tax Record. See entry on page 5.

Ideal System: Service Station Bookkeeping and Tax Record. See entry on page 5.

Simplified Master Systems—Service Station. Simplified Business Services, Inc. See entry on page 5.

Service Station Simplified Bookkeeping. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains daily sales and expense forms sufficient for recording the results of 2 years' business.

Simplex Bookkeeping and Income Tax Record for Garage and Service Station. National Blank Book Company, Holyoke, Mass. 01041. Contains the following forms sufficient for recording the results of 2 years' business: daily transaction record; monthly and yearly summaries; employees' earnings record; instruction sheet and demonstrating entries.

Simplex Business Systems-Service Station Edition. Simplex Business Systems, 410 Asylum St., Hartford, Conn. 06103. $10. For service station operators interested in detailed breakdowns. Contains forms for cash receipts and operating expenses; paid out for merchandise; payroll; inventory; ledger; and analysis.

General Business System. For general information see entry on page 4.

Shoe Repair Shops

**Shoe Service Shop Bookkeeping System.* Shoe Service Institute of America, 222 West Adams St., Chicago, Ill. 60606. $2. Contains the following forms sufficient for recording the results of 1 years' business: daily sales; purchases of materials and merchandise; operating expenses; monthly profit-and-loss statements; purchases of equipment and fixtures. Instructions included.

Dome Simplified Weekly Bookkeeping Record #600; Dome Simplified Monthly Bookkeeping Record #612. For general information see entry on page 4.

Smaller Stores

Retail Inventory Method Made Practical (C14370). National Retail Merchants Association, 100 West 31st St., New York, N.Y. 10001. Presents the fundamental operation involved in establishing and maintaining accurate inventories. Chapters clearly explain what the Retail Method of Inventory is and how it differs from the cost method, its advantages and disadvantages. Includes sample forms for recording merchandise transfers, sales, price changes, departmental merchandise statements, open-to-buy, and many more. Soft cover. 1971. $4; non-members $6.

Retail Accounting Manual (C13269). National Retail Merchants Association, 100 West 31st St., New York, N.Y. 10001. Contains streamlined chart of expense accounts for single stores and companies with branches. Enables a meaningful determination of main and branch store profits. Includes chapters on report presentation, workroom accounting, leased department accounting, return on investment, gross margin determination, and many other basic retail accounting topics. 257 pages, spiral bound. $15; non-members $25.

General Business System. For general information see entry on page 4.

Sporting Goods Dealers

**NSGA Annual Cost of Doing Business Survey.* $10. National Sporting Goods Association, 717 North Michigan Ave., Chicago, Ill. 60611. A 40-page compilation of sales, inventory and operating ratios for a variety of sporting goods retailers, and institutional team distributors. Most data includes average, median and hi-lo ratios, with separate compilations based on volume, size of outlets, regional locations, and makeup of retailers (pure retail or combination of retail-and-team). Selected composite balance sheet ratios are included.

General Business System for Sporting Goods Dealers. For general information see entry on page 4.

Television and Radio

General Business System for Television and Radio. For general information see entry on page 4.

Television-Radio Sales & Service Record. The Johnson Systems, 828 North Broadway, Milwaukee, Wis. 53202. $4.95. Contains space and forms to record the following information sufficient to record 2 years' business: sales of new and used television and radio sets; daily charges of servicing and repairing of television and radio sets; merchandise purchases; repair parts; general overhead expenses.

Truckers and Motor Carriers

Ideal System Truckers Bookkeeping and Tax Record. For general information, see entry on page 5.

Simplified Master Systems—Trucking. Simplified Business Services, Inc. See entry on page 5.

***TARCO Motor Carriers System.* Tallman Robbins & Company, 999 East Touhy Ave., Des Plaines, Ill. 60018. Prices available on request. For classes 2 and 3 truckers and motor carriers conforming to ICC requirements. Contains the following forms sufficient for recording the results of 1 years' business: record of tangible property; insurance register; statement of trucking costs; purchase and expense register, ledgers and journal sheets; claim register; c.o.d. register; quad manifest forms; trip driver's tractor and garage service report; duplicate trailer report; six-part O.S.&D. reports; six-part driver's trip report; duplicate expense report forms; and Tarco universal trip meter tickets.

General Business System. For general information see entry on page 4.

Wage Earners—Home Owners

Easy Bookkeeping Tax System: Wage Earners—Home Owners. For general information see entry under Bars and Restaurants, page 6.

General Business System. For general information see entry on page 4.

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